

Fund Objective

The Satrix Balanced Index Fund is Regulation 28 compliant and offers diversified exposure to all the key local and international asset classes. The Fund tracks a composite index benchmark, with a long term strategic asset allocation, rebalanced on a bi-annual basis in March and September

Fund Strategy

The composite benchmark of the fund comprises the following asset class building blocks:

Asset class	Index exposures
Smart SA equity core (55%)	25% Proprietary Satrix Stable Dividend Index 25% S&P SA Quality Index 50% Proprietary Satrix Momentum Index
SA bonds (8%)	JSE All Bond Index
SA property (6%)	FTSE/JSE SA Listed Property Index
SA inflation-linked bonds (6%)	Barclays SA Gov Inflation-Linked Bond Index
SA cash (5%)	SA Nominal Cash
International equities (15%)	MSCI World Equity Index
International bonds (5%)	Barclays Global Treasury Index

The asset composition of the index aims to target a CPI+5.5% return over the long term.

Why choose this fund?

- The Smart SA Equity Core reflects the equity characteristics we feel are most significant.
- The strength in combining portfolios of these different characteristics is that they perform predictably and reliably with one another providing a smoother and diversified performance experience.
- The international portion of the fund (20%) provides some rand-hedge protection.
- You gain access to a fund that aims to grow capital steadily, while providing income over the medium to longer term.
- The high equity exposure gives you material exposure to an asset class that, though more volatile than others, usually delivers superior performance in the long term.

Fund Information

ASISA Fund Classification	SA - Multi-Asset - High Equity
Category Benchmark	SA - Multi-Asset - High Equity - Median
Risk profile	Moderate Aggressive
Benchmark	Proprietary Satrix Balanced Index
Portfolio launch date	Oct 2013
Fee class launch date	Oct 2013
Minimum investment	Manual: Lump sum: R10 000 Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R3 576 million
Last two distributions	31 Dec 2017: 16.92 cents per unit 30 Jun 2018: 22.13 cents per unit
Income decl. dates	30 June 31 Dec
Income price dates	1st working day in July & January
Valuation time of fund	17:00
Transaction cut off time	Manual: 15:00 SatrixNOW.co.za: 13:30
Daily price information	Local newspaper and www.satrix.co.za
Repurchase period	3 working days

Fees (Incl. VAT)

	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.14
Manager annual fee	0.40
Total Expense Ratio (TER)	0.58
Transaction Cost (TC)	0.26

Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

Where this fund invests into other unit trusts, it does so into zero fee classes except for offshore equity (0.30%) and offshore bonds (0.12%).

Total Expense Ratio (TER) | The Total Expense Ratio (TER) is the charges incurred by the portfolio, for the payment of services rendered in the administration of the CIS. The TER is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 1 year. The TER is calculated since inception from 01 July 2017 to 30 June 2018. A higher TER does not imply a poor return nor does a low TER imply a good return.

The Transaction Cost (TC) is the cost incurred by the portfolio in the buying and selling of underlying assets. This is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 1 year. Obtain the costs of an investment prior to investing by using the EAC calculator provided at www.satrix.co.za

Top 10 Holdings

Securities	% of Portfolio
Naspers -N-	6.71
FirstRand / RMBH	3.36
Sanlam	2.54
Capitec	2.14
Clicks Group Ltd	2.12
Stanbank	2.11
Mr Price Group Limited	2.02
AVI	1.77
Truworths	1.54
Tiger Brands	1.52

Top 10 Holdings as at 31 Aug 2018

Performance (Annualised) as at 31 Aug 2018 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	9.58	10.38	6.84
3 year	7.65	8.75	6.07
5 year	N/A	N/A	N/A
Since inception	8.27	9.50	7.03

Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative) as at 31 Aug 2018 on a rolling monthly basis

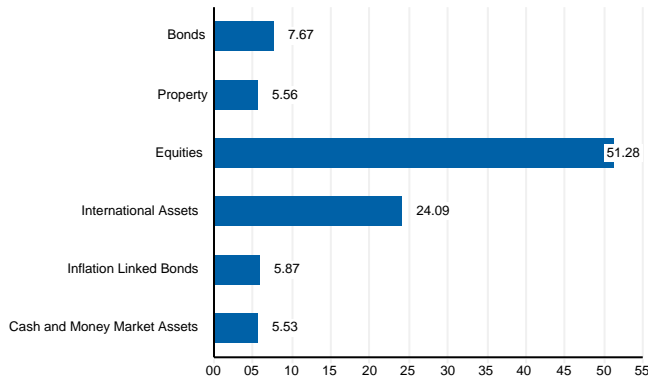
Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	9.58	10.38	6.84
3 year	24.74	28.63	19.35
5 year	N/A	N/A	N/A
Since inception	46.80	55.04	38.84

Cumulative return is aggregate return of the portfolio for a specified period

Actual highest and lowest annual returns*

Highest Annual %	9.58
Lowest Annual %	6.16

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 30 Jun 2018

Macro review

In the US, consumer confidence remained strong and retail sales data suggested a rebound in consumption from a softer Q1. The unemployment rate also reached an 18-year low of 3.8%, accompanied by robust wage growth. As expected, the Federal Reserve (Fed) raised the target for the federal funds rate by 0.25% and marginally increased its 2018 forecasts for growth and inflation. The positive economic data were, however, balanced by moves from the Trump administration to impose tariffs on Chinese imports and withdraw from the Iran nuclear accord.

In the Eurozone, the quarter was marked by the return of political risk. There were concerns that Italy could need fresh elections following the inconclusive outcome of the March vote, while Spain also saw a change of government, although this was largely greeted with calm by markets. German Chancellor Angela Merkel clashed with sister party the CSU over immigration policy. Economic data pointed to steady growth but at a slower pace than last year, as GDP growth for Q1 was 0.4%, down from 0.7% in Q4 2017. The European Central Bank (ECB) announced that it expects to end its quantitative easing programme in December 2018.

Emerging markets (EM) saw an escalation in global trade tensions which also contributed to risk aversion as US-China trade talks failed to deliver a sustainable agreement. Brazil experienced a truck driver strike which paralysed the economy and amplified political uncertainty. Turkey saw currency weakness which forced the central bank to implement an emergency rate hike in May. China observed concerns over growth which contributed to Yuan weakness.

Global and local market review

Global developed market equities made gains in a volatile Q2, as resilient economic and earnings data vied with an unsettling geopolitical backdrop to establish the market's direction. The MSCI World Index posted a positive Dollar total return of 1.9% (-1.2% for Q1), outperforming the MSCI EM Index (-7.9% in Q2 vs +1.5% in Q1). In the US, equities advanced in Q2 with the S&P 500 gaining 3.4% in Dollars, with positive earnings momentum and supportive economic data ultimately outshining escalating US-China trade posturing. Eurozone equities also posted positive returns in Q2. In EMs, equities recorded a sharp fall with US Dollar strength a significant headwind. Worst performing countries were Brazil (-26.4%), Turkey (-25.7%) and Hungary (-14.4%), while the only countries to post positive returns were Colombia (+6.8%) and Qatar (+3.5%).

The SA equity market started June on a strong note, reaching a month-to-date total return of 4.2% by 14 June before reversing this to post a loss of 1.5% by 26 June. The FTSE/JSE All Share Index recovered on the last day of trade to record a June total return of 2.8%. Large caps returned 3.8%, while mid-caps and small caps lost 2.1% and 3.3% respectively. On a sector level, SA Resources was the best performer returning a solid 19.6% (Q1: -3.8%). SA Industrials returned 4% (Q1: -8%) while SA Financials lost 6% (Q1: -3.6%).

Global bond markets suffered from bouts of volatility in Q2 due to a confluence of factors. These included a greater dispersion between accelerating US growth and a softening of economic activity elsewhere, escalating trade tensions between the US and China and the formation of a populist coalition government in Italy. US 10-year Treasury yields rose from 2.74% to 2.86%. They rose significantly in April, touching a seven-year high in mid-May, as growth and inflation expectations continued to

build, before risk aversion and 'safe haven' buying led to a significant retracement. Bund 10-year yields fell from 0.50% to 0.30% on safe haven demand and as European data saw further softening. The Bloomberg Commodities Index posted a slightly positive return in Q2. Crude oil prices continued to rally, with President Trump's decision to withdraw the US from the Iran nuclear accord contributing to higher prices, despite OPEC announcing plans to boost supply. The industrial metals index registered a small gain.

Momentum: Global trade uncertainties and other geopolitical risks weighed heavily on investor minds over the prior quarter. This resulted in a clear risk-off performance of global styles. While Low Risk, and in particular Low Beta, were the best performing factors, the cyclical factors such as Momentum and Growth did not completely roll over and instead only suffered from some mild rotation and profit-taking. In South Africa, there was large consistency with global outcomes, where we saw factor reversals as the cyclical Price Momentum factor underperformed. What was interesting, however, was how Earnings Momentum (a sub-component of headline Momentum) and Price Momentum exhibited divergent performances over the quarter. As opposed to Price Momentum, Earnings Revisions came alive in Q2 as investors gravitated towards companies with positive earnings sentiment. This could be seen as investors viewing Earnings Revisions as a more defensive component, which is aligned to how we utilise this factor in our overall Momentum strategy.

Quality: After a stellar 2017, underlying Quality factors, in particular Return on Equity (ROE), continue to experience strong signal strength during the first half of the year as investors favour stocks with defensive characteristics. Global macro concerns continue to weigh on risk appetites, which has compelled investors to seek companies that return high profits despite macro headwinds. This defensive posturing has been present notwithstanding the largely pro-cyclical domestic sentiment, e.g. leadership optimism, declining risk of credit rating downgrade, improving inflation outlook. The conundrum, however, has been that during Q2, this signal has been overwhelmed by stock-specific, sector and Rand risk in the portfolio. These impacts have significantly outweighed the Quality premium embedded in the portfolio, as well as the valuation gap the Quality basket offers relative to history.

Stable Dividend: After two consecutive very poor quarters, deep Value factors such as Price to Book rekindled its 2016 performance where cyclical value was favoured. To some extent the unwinding of Momentum has benefited these cyclical value measures in the short term, however, should macro uncertainty continue and deepen, we may see a shift towards more defensive Value or Quality strategies. Price to Book remains the worst performing strategy over 12 months. Dividend Yield, on the other hand, has experienced mixed fortunes, as the environment tussled between flight to safety and pro-risk. Over the previous year, however, investors continued to show a preference towards yield as opposed to more deep value. The conundrum, however, has been that during Q2, this Yield signal has been overwhelmed by sector and Rand risk in the portfolio. These impacts have significantly outweighed the Value and Yield premium embedded in the portfolio. There were no changes to the Satrix Stable Dividend Index over the prior quarter.

In Closing

There are growing concerns that global businesses may be subject to new regulation and be the target of tariffs if a US-China trade war escalates. Political risk is dominating fundamentals and we now have progressed into a new era where central banks are not the backstop supporting financial markets. In South Africa, the sentiment pendulum has swung from pessimism to optimism with the new political administration driving business and consumer confidence higher with expectations of a solid economic recovery being discounted. Either way, economic mood swings tend to be exaggerated. Also, the expectation that President Ramaphosa will, in one fell swoop, reverse years of maladministration and corruption is unrealistic.

Portfolio Manager(s)

The Satrix Investment Team

Management of Investments

The management of investments are outsourced to Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary Terms Sheet.

Risk Profile (Moderate)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

Additional Information

Although all reasonable steps have been taken to ensure the information on this website/advertisement/brochure is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision.

*The highest and lowest annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not yet exist for 10 years.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Satrix Managers (RF) (Pty) Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The fund may from time to time invest in foreign instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Chartered Bank is the appointed trustee of the Satrix Managers Scheme.

Trustee Information

Standard Chartered Bank

Tel no.: 011 217 6600, E-mail: zatrustee.securities@sc.com

Glossary of Terms

Collective investment scheme (CIS)

A collective investment scheme (or unit trust) comprises a pool of assets such as equities, bonds, cash and listed property, which are managed by an investment manager and is governed by the Collective Investment Schemes Control Act no 45 of 2002. Each investor has a proportional stake in the CIS portfolio based on how much money he or she contributed. The word "unit" refers to the portion or part of the CIS portfolio that is owned by the investor. The "trust" is the financial instrument that is created in order to manage the investment. The trust enables financial experts to invest the money on behalf of the CIS investor.

Composite benchmark

Multi-asset class funds offer exposure to various asset classes including cash, equity, bonds and property both locally and internationally. In a passively managed multi-asset class fund each underlying asset class is managed to deliver the return of its respective index. For example, in the SATRIX Balanced Index Fund the property exposure is managed to deliver the performance of the FTSE/JSE SA Listed Property Index (J253). The composite index simply combines the underlying indices, each adhering to a specified weight.

Linked Investment Service Provider (LISP)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Index

An index is a unique grouping of shares, selected according to a pre-defined methodology e.g. largest market capitalisation or highest dividend yield. An index can be constructed to represent the overall market, a specific sector or a theme. The index performance can be used as a benchmark against which to compare active fund performances. A well-constructed index should be transparent, replicable and investable.

Long term strategic asset allocation

The long term strategic asset allocation is the target allocations for the various asset classes within the composite benchmark. The composite is rebalanced back to the strategic asset allocation biannually (March and September). The strategic asset allocation of the SATRIX Balanced Index aims to return CPI+5.5%pa, over the long-term.

Rand-hedge protection

A Rand-hedge is a way of maximising returns on your investment in rand terms, through an offshore investment. The rand value of your investment increases if the currency declines (when the rand depreciates, the rand value of your offshore investment appreciates).

Smart beta

Before we can explain smart beta, we need to define the investment terms beta and alpha. Simply put, beta is the return you as an investor receive simply by being invested in the market. For example, the return you receive by investing in the FTSE/JSE All Share index is a beta return. If you employ an active fund manager (one who studies companies and chooses a basket of shares for you) who gives you a return which is different to that of the market (either positive or negative), this under- or outperformance of the market is called alpha.

Alpha = Fund performance - market performance (beta)

Smart beta funds attempt to capture excess returns in a systematic way. The idea is to deliver a better return while taking on less risk than the JSE All Share index. The result of weighting stocks differently to the JSE is that you have a fund which differs from the JSE in terms of: (a) individual stock exposure (b) sector exposure (e.g. resources, financials and industrials), and (c) factor exposure (e.g. foreign, size, yield and market sensitivity)

Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Volatility

Volatility is a measure of 'risk', and refers to the extent to which the price of an investment or fund fluctuates over a certain period of time. Funds with a high volatility usually offer the potential for higher returns over the longer term than low volatility funds but also the potential for significant downside.

Tax Free Unit Trust

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R33 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.